



every little bit

One Company's Approach to DSM

Bruce Folsom—Sr. Manager, Demand Side Management

Western Conference of Public Service Commissioners

June 18, 2008

On-The-Ground DSM Acquisition

Acquire all cost-effective kwh and therms...

Five potential barriers to DSM acquisition, or “things to know”...

At Avista, strong endorsement from the top...

- Company-wide...

- ALL efficiency including T&D and load management

- NAPEE is appreciated...

The Short Version of **Ratemaking**

$$\text{Revenue Requirement} = (\text{Rate Base} * \text{ROR}) + \text{Expenses}$$

The Short Version of **Energy Efficiency Success**

Kwh/Therm Savings = Deep and Broad Programs + Promotion

About Avista

- We are a 119 year old investor owned utility
- We have a rich history of innovation including start-up companies Itron, Relion, Avista Energy & Advantage IQ
- We provide electric and natural gas service across three states
 - Eastern Washington
 - Northern Idaho
 - Oregon (gas only)



Avista's Resource Profile

E. Washington and N. Idaho

- 340,000 electric customers
- Average hourly load: 1,046 aMW; Peak load: 1,660 MW
- Annual use per residential customer: 11,630 kWh

E. Washington, N. Idaho, and SW Oregon

- 300,000 natural gas customers
- Annual use per residential customer: 752 therms

Electric resource mix

- 54% hydro
- 31% natural gas
- 12% coal
- 3% biomass

On-The-Ground Barrier or Not?

#1 DSM Targets
(what they are and how they are set)

Targets and Goals

Targets established through Avista's Electric and Natural Gas Integrated Resource Plan process

Compatible with regional forecasts

Engagement through a stakeholder advisory group...External Energy Efficiency ("Triple E") Board

Based on avoided costs...what is "cost-effective" in today's energy world?

2007 kWh and Therm Savings Results

	IRP Goal	Achieved
Washington/Idaho Electric	47.5 million	53.6 million
Washington/Idaho Natural Gas	1.062 million	1.502 million
Oregon Natural Gas	454,000	191,000

On-The-Ground Barrier or Not?

#2 Deep and broad programs

Two Types of “Programs” at Avista

“Site-Specific” for Commercial and Industrial Customers

Customized offerings (by Account Executives with assistance from Engineers, Program Managers and Analysts)

Will provide a financial incentive for any measure that provides kilowatt hour or therm savings that has a simple payback of over one year

“Prescriptive” for Residential Customers

Standard offers

Rebates provided for homogenous energy saving measures (CFLs, high-efficiency appliances, etc.) to a larger group of customers

So, how many programs...or how many measures and how do you package them?

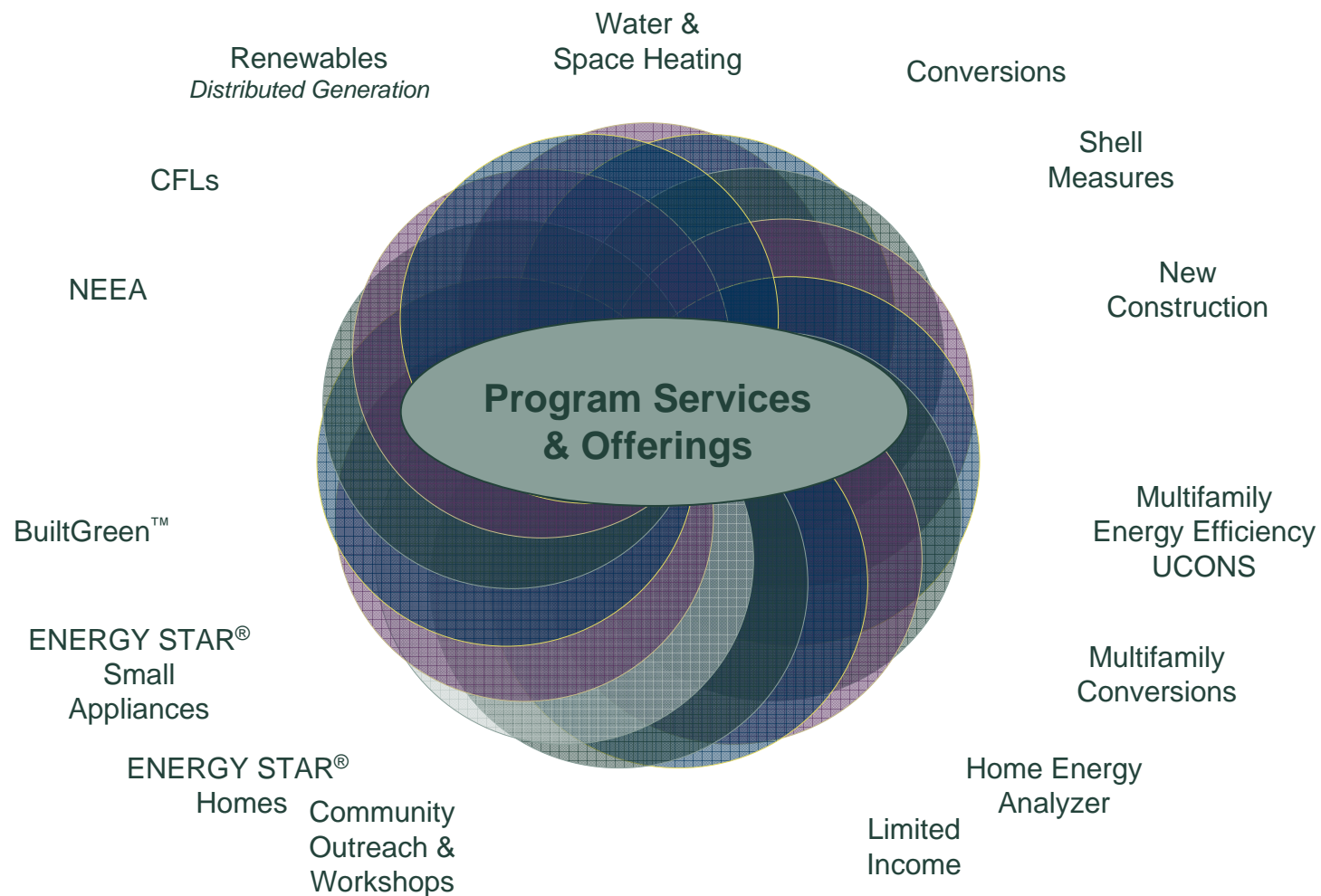
30+ programs...

...but over 300 measures...in our site-specific program

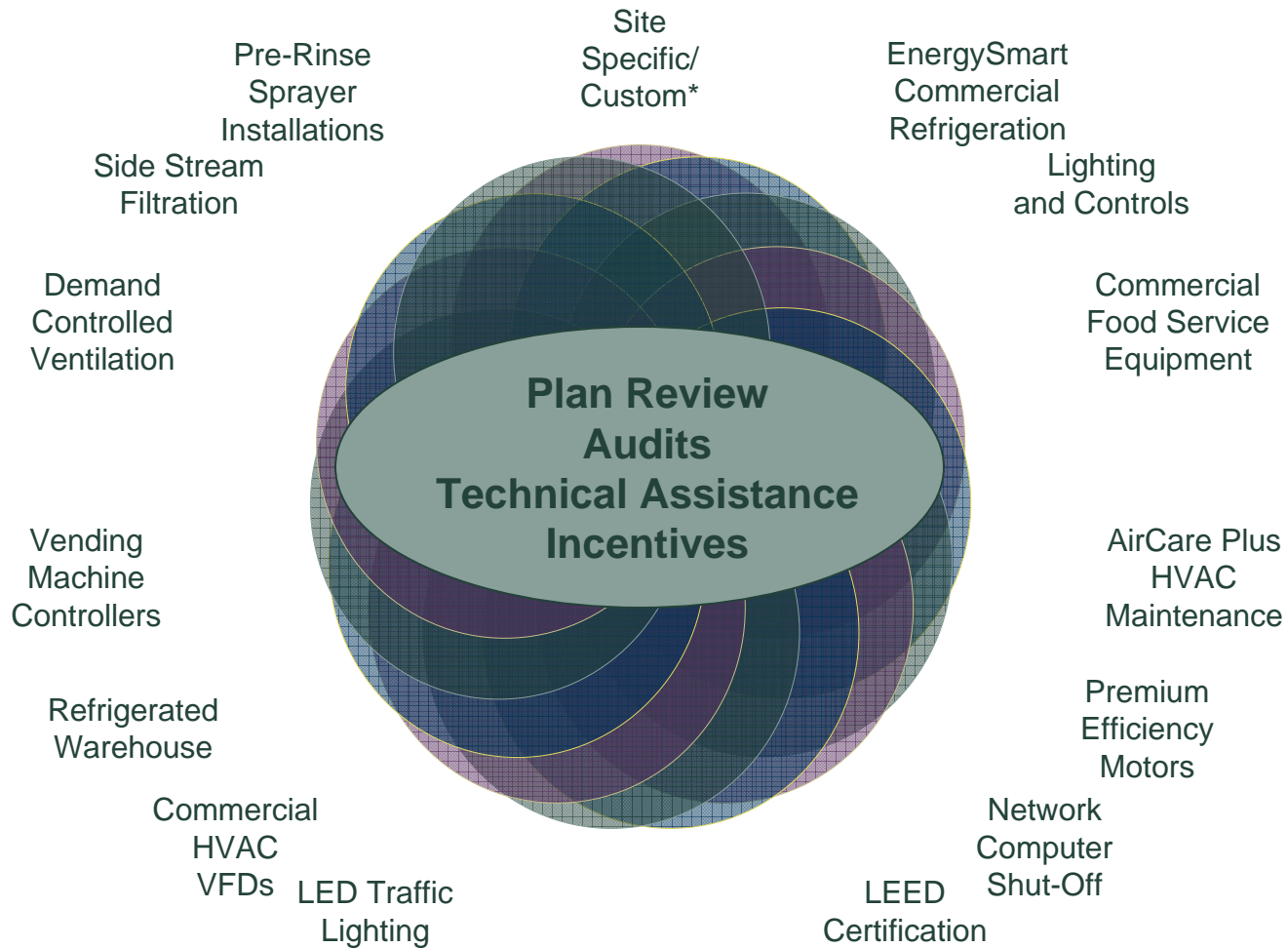
...will provide financial incentives for any measure that provides kilowatt hour or therm savings with a simple payback of over one year

...tiered incentives...smaller incentive for measures with quicker payback and higher incentive for longer payback

Avista's Residential DSM Programs



Avista's Commercial/Industrial Programs



On-The-Ground Barrier or Not?

#3 Promotion

Research on Customer Outreach: Summary

- Top of mind awareness of Avista's energy efficiency programs was low
 - Respondents under age 45 are significantly more likely to report no top-of-mind awareness of programs (73% <45, 53% 45-64, 56% 65+)
- Overall, only 41% recall Avista advertising regarding energy conservation
 - Specific message recall is low
- 92% of respondents indicate they have some level of concern for the environment

What Our Customers Told Us About Efficiency

“It doesn’t make much difference”

“I’ve already done what I can”

“It’s too expensive”

***These perceptual barriers
became the focus of a new campaign.***

Identifying the Characteristics of Outreach Effort

- Must be memorable
- Personal—makes a connection
- Reframe customer thinking on energy efficiency to jar them out of their perceptual barriers
- Capable of creating both attitudinal and behavioral change

every little bit

Multi-faceted awareness and education campaign designed to affect customer behavior and breakdown perception barriers.



every
little bit

[HOME](#) | [AVISTA](#) | [ENERGY EFFICIENCY](#) | [RENEWABLE ENERGY](#) | [CONTACT US](#)



Renewable Energy

Check out this [new addition](#) to Every Little Bit. As energy buffs, we're certainly excited about it.



Customer Spotlight

Mountain Gear's facility, with help from our energy analysts, is now 39% more energy efficient. [Read more.](#)



Winter Weather Tips

Keep safe and warm this winter with these [winter tips](#).

Energy Efficiency Programs and Rebates

We offer a variety of programs, rebates, coupons and other incentives. Choose your service area below and make a bit of difference today.

Washington Idaho
Oregon

How are they saving energy?
Click and explore.



AVISTA

© 2008 Avista Corporation. All rights Reserved.

AVISTA

every little bit

Even when we do little things like use CFLs, choose ENERGY STAR® appliances, change the furnace filter or unplug the cell phone charger when it's not in use, every little bit adds up. Just as we're all connected by the same energy system, our energy-saving efforts are too. Learn more at avistautilities.com/everylittlebit or call 800-227-9187.



AVISTA

every little bit

Just as we're all connected by the same energy system, our energy-saving efforts are too. From properly programming your thermostat to sealing drafts. From furnace maintenance to letting natural light heat your home. Even using trees to buffer your house from the elements saves energy. Learn more at avistautilities.com/everylittlebit or call 800 227-9187.



AVISTA

AVISTA

On-The-Ground Barrier or Not?

#4 Innovation

The Six Distinct Era's of Avista DSM

1978 to 1991	"The Jimmy Carter Era"
1992-1994	"The Energy Exchanger Era"
1995-2000	"The Tariff Rider Era"
2001	"The Year of the Western Energy Crisis"
2002-2005	"The Financial Recovery Era"
2006 and beyond	"The Era of Reinventing DSM"

On-The-Ground Barrier or Not?

#5 What's next?

Alignment

How to accelerate alignment of public policy around energy efficiency through regulation, legislation and company operations...

Forward-looking...

- Programs

- Promotion

- Codes and Standards

- Rate Restructuring

- Direct Use of Natural Gas

every little bit